

# Shareholder Yield Shines among Value Factors

Published January 5, 2024

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WisdomTree pioneered fundamental weighting as a novel approach to rules-based [value investing](#). Instead of using market capitalization, a company's weight in indexes is based on dividends or earnings.

Another unique value strategy is the [WisdomTree Value Fund \(WTV\)](#), which selects and weights companies based on shareholder yield.

*Shareholder Yield = Dividend Yield + Net Buyback Yield*

## WTV Long-Term Performance and Rankings

Over a prolonged stretch where value indexes have lagged broad benchmarks, selecting companies based on shareholder yield has shone.

[WTV](#) ranks in the top decile of the Large Value category across standardized periods.\*

## WTV Performance and Peer Rankings

|                              | YTD    | 1-Year | 3-Year | 5-Year | 10-Year | 15-Year |
|------------------------------|--------|--------|--------|--------|---------|---------|
| Total Return (Price)         | 22.34% | 22.34% | 13.66% | 15.10% | 10.87%  | 13.11%  |
| Total Return (NAV)           | 22.11% | 22.11% | 13.54% | 15.05% | 10.82%  | 13.08%  |
| Category (NAV)               | 11.63% | 11.63% | 9.75%  | 11.37% | 8.39%   | 11.22%  |
| Index (NAV)                  | 14.34% | 14.34% | 10.41% | 12.72% | 9.89%   | 12.05%  |
| Percentile Rank              | 5      | 5      | 6      | 7      | 4       | 10      |
| # of Investments in Category | 1,208  | 1,208  | 1,126  | 1,072  | 818     | 611     |

Sources: WisdomTree, Morningstar, as of 12/29/23. \*The Fund's objective changed effective December 18, 2017. Prior to December 18, 2017, Fund performance reflects the investment objective of the Fund when it tracked the performance, before fees and expenses, of the WisdomTree U.S. LargeCap Value Index. Category: U.S. Fund Large Value. Index = Morningstar US Large-Mid Cap Broad Value. Past performance is not indicative of future returns.

The performance quoted represents past performance and does not guarantee future results. The investment return and principal will fluctuate. Investor's Shares, when sold or redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted.

For the most recent month-end and standardized performance, click [here](#).

## Recent Performance and Attribution

Over the last 12 months, [WTV](#) outperformed the Russell 1000 Value Index by more than 600 basis points. This outperformance spanned across sectors, with positive contributions from 8 out of 11 sectors.

**One-Year Sector Attribution: WTV vs. Russell 1000 Value Index**



Sources: WisdomTree, FactSet, Russell, as of 11/30/23. Past performance is not indicative of future returns. You cannot invest directly in an index.

**December Rebalance**

While some investors use shareholder yield to replace existing value mandates, it also serves as a complement, or diversifier, to other value approaches. [WTV](#) has only a 22% overlap with the Russell 1000 Value Index.

[WTV](#) was rebalanced this December, increasing weight to companies with higher shareholder yields and reducing weight to companies with lower shareholder yields.

After the rebalance, the Fund’s shareholder yield increased from 6.5% to 7.9% while maintaining a higher return on equity (ROE) than both the Russell 1000 Value and the S&P 500.

Compared to the Russell 1000 Value, the Fund typically has a mid-cap bias due to its factor weighting.

**WTV Characteristics**

| Characteristics                              | Pre-Rebalance | Post-Rebalance | Russell 1000 Value | S&P 500      |
|----------------------------------------------|---------------|----------------|--------------------|--------------|
| <b>Size</b>                                  |               |                |                    |              |
| Wgt. Avg. Market Cap (\$bn)                  | \$53.8        | \$46.5         | \$127.6            | \$681.6      |
| Median Market Cap (\$bn)                     | \$14.3        | \$18.1         | \$12.0             | \$32.5       |
| Over \$10 billion                            | 68.7%         | 72.2%          | 91.4%              | 99.3%        |
| \$2 billion - \$10 billion                   | 31.3%         | 27.8%          | 8.5%               | 0.7%         |
| Under \$2 billion                            | 0.0%          | 0.0%           | 0.1%               | 0.0%         |
| <b>Valuation &amp; Other Characteristics</b> |               |                |                    |              |
| Price/Earnings (Trailing)                    | 13.9x         | 13.2x          | 18.1x              | 23.9x        |
| Price/Earnings (Forward)                     | 12.4x         | 12.6x          | 15.9x              | 20.5x        |
| Price/Book                                   | 2.8x          | 2.8x           | 2.5x               | 4.6x         |
| Price/Sales                                  | 0.9x          | 1.0x           | 1.6x               | 2.6x         |
| Dividend Yield                               | <b>1.74%</b>  | <b>2.02%</b>   | <b>2.29%</b>       | <b>1.46%</b> |
| SEC 30-Day Yield                             | 1.57%         | 1.57%          | N/A                | N/A          |
| Net Buyback Yield                            | <b>4.71%</b>  | <b>5.89%</b>   | <b>1.59%</b>       | <b>1.57%</b> |
| Share Reduction Yield                        | 4.01%         | 5.26%          | 1.05%              | 1.23%        |
| <b>Total Shareholder Yield</b>               | <b>6.45%</b>  | <b>7.91%</b>   | <b>3.88%</b>       | <b>3.03%</b> |
| Return on Equity                             | 17.97%        | 19.55%         | 12.98%             | 17.96%       |
| Return on Assets                             | 3.86%         | 3.53%          | 2.74%              | 4.19%        |
| Number of Holdings                           | 121           | 162            | 849                | 503          |

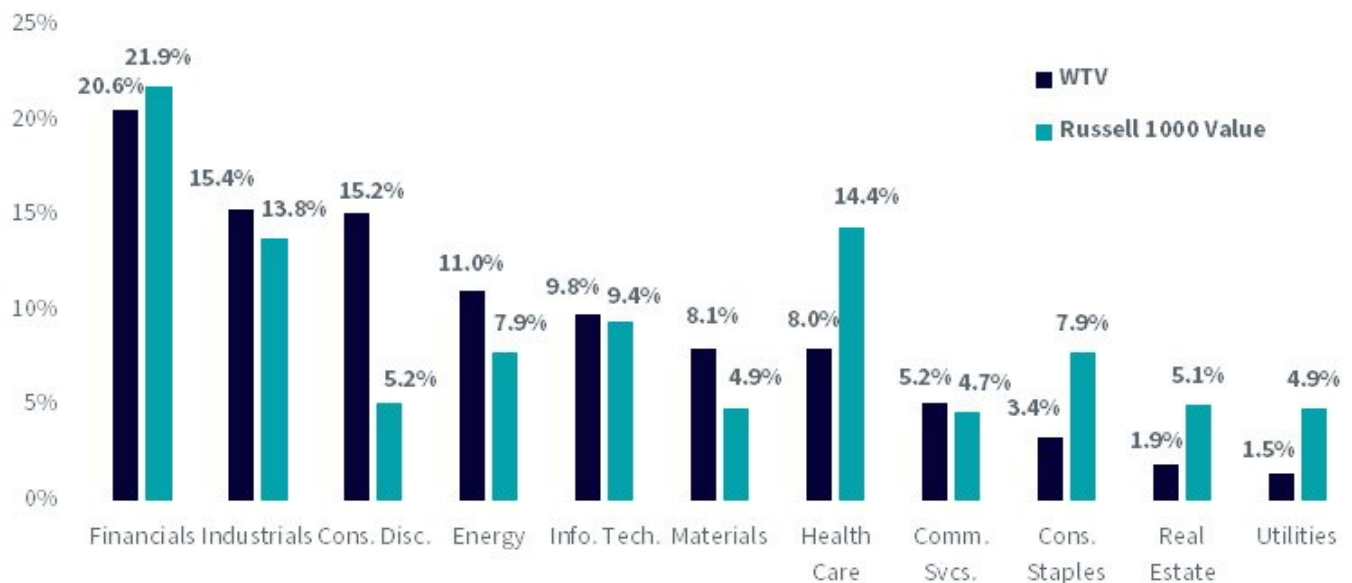
Sources: WisdomTree, FactSet, Russell, S&P. Pre-Rebalance as of 12/15/23. Post-Rebalance as of 12/18/23. S&P 500 and Russell 1000 Value as of 12/18/23. Total Shareholder Yield = Dividend Yield + Net Buyback Yield. You cannot invest directly in an Index. Past performance is not indicative of future results.

**THIS MATERIAL MUST BE PRECEDED OR ACCOMPANIED BY A PROSPECTUS. [CLICK HERE TO VIEW WTV PROSPECTUS.](#)**

For definitions of terms in the table above, please visit the [glossary](#).

Compared to the Russell 1000 Value, **WTV** is 10% over-weight in Consumer Discretionary with lesser over-weights in Energy (+3%) and Materials (+3%). The greatest under-weights are in Health Care (-6%), Consumer Staples (-4%), Real Estate (-3%) and Utilities (-3%).

## Sector Weights



Sources: WisdomTree, FactSet, Russell, as of 12/18/23. You cannot invest directly in an index.

The weighting process of the model behind [WTV](#), which is based on shareholder yield, is a version of modified equal weighting. The largest weight in the Fund after the rebalance is less than 1%, making the Fund well-diversified across companies and sectors.

Unlike frequent rebalancing, which can lead to premature selling of winning positions, [WTV](#) has an annual rebalancing process, with smaller-scale changes made intra-year based on market conditions and investment opportunities.

At this year's rebalance, the Fund sold one of its winners—Meta—after impressive trailing 12-month returns of nearly 200%.

The reason?

Meta's shareholder yield dropped significantly since November 20, 2022, falling from nearly 13% to less than 3%. In comparison to the S&P 500, Meta shifted from having a greater-than-3x shareholder yield to a below-market shareholder yield.

While there's no perfect timing signal, using shareholder yield as a sell-discipline helps determine, quantitatively, when to take profits off the table.

For investors who find themselves over-weight in the Magnificent Seven following a remarkable surge this year, [WTV](#) offers a diversified basket with zero exposure to those specific names.

## Important Risks Related to this Article

For current Fund holdings, please click [here](#). Holdings are subject to risk and change.

There are risks associated with investing, including the possible loss of principal. Funds focusing their investments on certain sectors increase their vulnerability to any single economic or regulatory development. This may result in greater share price volatility. While the Fund is actively managed, the Fund's investment process is expected to be heavily dependent on quantitative models, and the models may not perform as intended. Please read the Fund's prospectus for specific details regarding the Fund's risk profile.